

STATEMENT OF PURPOSE

RS29313 / H0510

This legislation makes technical corrections to legislation enacted in 2021 that provided state and local tax deductions (SALT) for income taxes paid by an Affected Business Entity (ABE) on behalf of its pass-through owners. The 2021 legislation, HB317, was a SALT workaround that allowed ABEs to elect to pay state income taxes on behalf of their owners, making those tax payments fully deductible at the federal level just like business that are not pass through entities. This bill also makes the election available to more taxpayers by including fiscal year taxpayers and ABEs with owners that are trusts or estates. It also allows ABEs with owners who do have Idaho income tax liability to qualify for the election without charging those members a tax they do not owe.

FISCAL NOTE

This bill will have no fiscal impact to the State General Fund, local unit of government, or state tax revenue as it is only to change how a taxpayer report paying state income tax for the purposes of a federal income tax deduction.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).